

DO NOT REMOVE
FROM THE FILE

THE EFFECTIVE DATE OF THIS ORDINANCE IS JULY 1, 2002

ORDINANCE NO. 02-12-308

Re: Revisions To The Frederick County
Employees Retirement Plan

RECITALS

The Board of County Commissioners of Frederick County ("Board") by Ordinance No. 93-11-075 established a retirement plan for the employees of the Frederick County Government, effective July 1, 1993. The Frederick County Employees Retirement Plan ("Plan") was later amended by Ordinance No. 93-30-094, Ordinance No. 94-26-121, Ordinance No. 96-16-168, Ordinance No. 98-07-209, Ordinance No. 00-03-245, Ordinance No. 01-09-283 and Ordinance No. 01-21-295.

The Board now deems it appropriate to make certain additional revisions to the Plan to: (1) update the Plan to reflect the Economic Growth and Tax Relief Reconciliation Act, specifically, to revise the limitations on benefits plan participants may accrue, (2) to change the composition of the Retirement Plan Committee to add a member of the Career Fire Fighters Association as a permanent member and to provide that the current position on the Committee reserved for a retiree member may be filled by either a retiree or current employee who was not or is not employed as a Uniformed Participant, and (3) delete the definition of "remuneration" from Article I.

A hearing was held on May 21, 2002, at which time members of the public and plan participants had an opportunity to comment on the proposed revisions.

JUN 27 10 33 AM '02

PC: CAO, Huse, Labas, Finance, Grossnickle, File

SANDRA K. DALTON

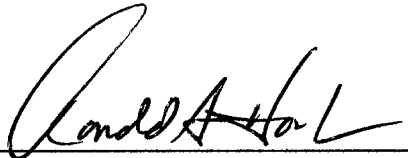
NOW THEREFORE BE IT ENACTED AND ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS FOR FREDERICK COUNTY, MARYLAND that: the provisions set forth on the attached Exhibit A, entitled "Ninth Amendment to the Frederick County Employees Retirement Plan" are hereby adopted and incorporated into the Frederick County Employees Retirement Plan.

AND BE IT FURTHER ENACTED AND ORDAINED that: the changes and revisions made by this Ordinance shall be effective on July 1, 2002.

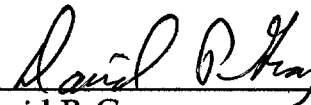
The undersigned hereby certifies that the foregoing Ordinance was approved and adopted on the 21st day of May, 2002.

ATTEST:

BOARD OF COUNTY COMMISSIONERS
OF FREDERICK COUNTY



Ronald A. Hart
County Manager
WH 6/4/02

By: 

David P. Gray
President

1407364s

EXHIBIT A
NINTH AMENDMENT TO THE
FREDERICK COUNTY
EMPLOYEES RETIREMENT PLAN

The definition of "Remuneration" in Article I shall be deleted as follows:

[Remuneration] -The Participant's wages, salaries, professional service fees and other amounts received for personal services actually rendered in the course of employment with the County, but not including: (i) non-taxable employer contributions under, or distributions (whether or not taxable) from, a deferred compensation plan, other than taxable payments received under an unfunded, non-qualified plan, (ii) (by the Participant) employer contributions under a simplified employee pension plan and (iii) other amounts which receive special tax benefits.]

Section 6.6 shall be amended to read as follows:

6.6 Maximum Limitation on Benefits - Notwithstanding any Plan provisions to the contrary:

(a) To the extent necessary to prevent disqualification under Section 415 of the Internal Revenue Code, and subject to the remainder of this Section 6.6, the maximum monthly benefit to which any Participant may be entitled at any time pursuant to this ARTICLE VI (hereafter referred to as the "Maximum Benefit") shall be equal to the lesser of \$7,500.00 (such amount, as adjusted by C/L Increases, hereafter referred to as the "Dollar Limit") or 100% of his Average Remuneration (such amount, as adjusted by C/L Increases after the end of the calendar year in which his employment with the County terminates, hereafter referred to as the "Remuneration Limit"), and the rate of benefit accrual shall be frozen or reduced accordingly. Notwithstanding the foregoing, effective for Limitation Years ending after December 31, 2001, the Maximum Benefit shall be equal to [the lesser of] \$13,334 (such amount, as adjusted by C/L Increases, hereafter referred to as the "Dollar Limit") [or 100% of his Average Remuneration (such amount, as adjusted by C/L Increases after the end of the calendar year in which his employment with the County terminated, hereafter referred to as the "Remuneration Limit")], and the rate of benefit accruals shall be frozen or reduced accordingly.

CAPITALS or Underscoring indicate matter added to existing ordinance.
[Brackets] indicate matter deleted from existing ordinance.

(b) RESERVED [For purposes of Section 6.6(a), Average Remuneration shall be defined as: (i) the aggregate of the Participant's Remuneration for the three consecutive, complete calendar years during which he was an active Participant which produce the highest total, or such lesser number of consecutive, complete calendar years as existed during his entire period as an active Participant, divided by (ii) the number of months during the period to which the Remuneration is attributable.]

(c) The Dollar Limit shall be subject to actuarial adjustment as follows:

(i) If the benefit is payable in any form other than a single life annuity or a qualified joint and survivor annuity (as defined for purposes of Section 415 of the Internal Revenue Code), the Maximum Benefit shall be reduced so that it is the Actuarial Equivalent of the single life annuity.

(ii) With respect to a benefit beginning before age 62, the Dollar Limit shall be reduced to the Actuarial Equivalent of a Dollar Limit applicable to a benefit beginning at age 62[, but in no event less than \$6,250.00]. Notwithstanding the foregoing, however, in no event shall the Dollar Limit applicable to benefits beginning before age 62 be reduced below [\$4,166.66] \$13,334 (as adjusted by C/L Increases), but only with respect to Participants who have earned at least 15 Years of Creditable Service: (A) in employment as full time Employees of the Sheriff's Department or Public Safety Department in positions providing police protection, fire fighting services or emergency medical services, (B) in Military Service, or in a combination of (A) and (B).

(iii) With respect to a benefit beginning after age 65, the Dollar Limit shall be increased so that it is the Actuarial Equivalent of a Dollar Limit applicable to a benefit beginning at age 65.

(iv) For purposes of this Section 6.5(c), Actuarial Equivalent shall be as defined in Section 2.1, except that the interest rate assumption for purposes of a computation under Section 6.5(c)(i) or (ii) shall not be less than 5% or any higher rate specified in the definition, and for purposes of a computation under Section 6.5(c)(iii) shall not be greater than 5% or any lower rate specified in the definition.

(d) [The Remuneration Limit shall be reduced (but not by more than 90%) by 1/10th for each Year of Creditable Service less than ten.] The Dollar Limit shall be reduced (but not by more than 90%) by 1/10th for each Year of Creditable Service less than ten, considering only those Years of Creditable Service during any part of which the Participant was participating in the Plan (including those periods for which the Participant elected to transfer service pursuant to Section 4.4).

(e) Limitation Year shall be defined as the calendar year, except as otherwise provided by adoption of a written resolution by the County.

(f) In addition to the foregoing, the Maximum Benefit shall be reduced, and the rate of benefit accrual shall be frozen or reduced accordingly, to the extent necessary to prevent disqualification of the Plan under Section 415 of the Internal Revenue Code, with respect to any Participant who is also a Participant in: (i) any other tax-qualified pension plan maintained by the County, including a defined benefit plan in which an individual medical benefit account (as described in Section 415(l) of the Internal Revenue Code) has been established for him; (ii) any welfare plan maintained by the County in which a separate account (as described in Section 419A(d) of the Internal Revenue Code) has been established to provide post-retirement medical benefits for him; and/or (iii) any retirement or welfare plan, as aforesaid, maintained by a related employer, as described in Section 414(b), (c), (m) or (o) of the Internal Revenue Code.

Section 11.3(a) shall be amended to read as follows:

(a) The Committee shall consist of the following members:

(i) Assistant Director of Human Resources as Chairperson;

(ii) Director of Finance or his designee;

(iii) One member of the Board of County Commissioners nominated and appointed by a majority vote of the Board of County Commissioners who shall be an ex officio member of the Committee without voting powers;

(iv) One representative of the Fraternal Order of Police nominated and appointed by members of the Order;

(V) ONE REPRESENTATIVE OF THE CAREER FIRE FIGHTERS ASSOCIATION NOMINATED AND APPOINTED BY MEMBERS OF THE ASSOCIATION;

[(v)] (VI) One "at-large" member who is EITHER: (A) a former Participant who has reached a Termination Date pursuant to Section 6.1, 6.2 or 6.3 hereof AT A TIME WHEN HE OR SHE WAS A NON-UNIFORMED PARTICIPANT ("Former Participant"), and who is nominated and appointed by a majority vote of the Board of County Commissioners, OR (B) AN EMPLOYEE WHO IS A NON-UNIFORMED PARTICIPANT AND WHO IS NOMINATED AND APPOINTED BY MAJORITY VOTE OF THE BOARD OF COUNTY COMMISSIONERS.

[(vi)] (VII) [Three] TWO "at-large" members who are NON-UNIFORMED [Employees and/or former] Participants who are nominated and appointed by majority vote of the Board of County Commissioners.

Section 11.3(b) shall be amended to read as follows:

(b) The Assistant Director of Human Resources and the Director of Finance or his designee shall serve on the Committee without limitation as to the number or length of terms.

The terms of every other member of the Committee shall be established in accordance with the following schedule:

(i) At large members appointed pursuant to Section 11.3(a)[(vi)] (VII) may serve continuously for no more than two consecutive terms. The length of each term of said members shall be three years AND THE TERM OF ONE AT LARGE MEMBER SHALL END ON JULY 1, 2003 AND THE TERM OF THE OTHER AT LARGE MEMBER SHALL END ON JULY 1, 2004 [except that the terms which begin on July 1, 1993 shall be two-year terms and the terms which begin on July 1, 1995 shall be a four-year term for one member, a three year term for one member and a two-year term for one member].

(ii) The at large member appointed pursuant to Section 11.3(a)[(v)] (VI) may serve continuously for no more than two consecutive terms. The length of each term of said member shall be TWO [three] years WITH A TERM BEGINNING ON JULY 1, 2002 [except that the term which begins on January 1, 1995 shall be a three and one-half year term].

(iii) The representative nominated and appointed by the Fraternal Order of Police may serve continuously for an unlimited number of terms, until his or her successor is nominated and appointed by the Fraternal Order of Police. The length of each term of said member shall be three years except that the term which begins on July 1, 1993 shall be a two-year term.

(IV) THE REPRESENTATIVE NOMINATED AND APPOINTED BY THE CAREER FIRE FIGHTERS ASSOCIATION MAY SERVE CONTINUOUSLY FOR AN UNLIMITED NUMBER OF TERMS, UNTIL HIS OR HER SUCCESSOR IS NOMINATED AND APPOINTED BY THE CAREER FIRE FIGHTERS ASSOCIATION. THE LENGTH OF EACH TERM OF SAID MEMBER SHALL BE THREE YEARS WITH THE FIRST TERM BEGINNING ON JULY 1, 2002.

If a member of the Committee is unable to complete his or her term, the appointing authority shall appoint another candidate to complete the member's term.